

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 IO-10 ISO-00 AGR-10 AID-05 CEA-01

CIAE-00 COME-00 EB-07 FRB-01 INR-07 NSAE-00 CIEP-02

SP-02 STR-04 TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01

EURE-00 /079 W

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P R 231538Z MAY 75

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC PRIORITY 8933

INFO AMEMBASSY MANILA

AMEMBASSY PARIS

USMISSION GENEVA

UNCLAS EC BRUSSELS 04626

PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EAGR, EEC

SUBJECT: EC WHEAT EXPORT SUBSIDIES

REF: (A) FASTO CIRCULAR 248; (B) EC BRUSSELS 04539

1. ON MEY 23, MISSION OFFICER SPOKE WITH DE GRUBEN OF GRAINS DIVISION, EC COMMISSION, REGARDING RECENT PRICE QUOTATIONS FOR FRANCH SOFT WHEAT OF DOLS 139.50 AND 132.87/M.T., C.I.F. PHILIPPINES (REF.A). WE ALSO ASKED HIM ABOUT REPORTS WE HAD RECEIVED FROM OUR TRADE SOURCES THAT (A) FRENCH WHEAT WAS BEING OFFERED UP UNTIL MAY 22 IN INDIA AT DOLS 131 C. AND F. (DOLS 113 PLUS DOLS 18 FREIGHT THROUGH SUEZ CANAL AND THAT (B) THE EXPORT PRICE OF AS OF MAY 23 ALL EC WHEAT WAS DOLS 10 HIGHER BECAUSE OF DECREASES IN EC SUBSIDIES AND CORRECTIVE AMOUNTS.

2. DE GRUBEN CONFIRMED ALL THE PRICE QUOTATIONS IN PARAGRAPH 1 AND SAID THESE PRICES WERE AT NORMAL WORLD MARKET LEVELS.

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HE SAID THAT U.S. SOFT RED WINTER RECENTLY HAS BEEN QUOTED AT

DOLS 114 F.O.B. IN ATLANTIC PORTS AND WAS NOW AT DOLS 120
F.O.B. BALTIMORE WHICH IS THE SAME PRICE AS FRENCH
WHEAT F.O. B IN ROUEN.

3. DE GRUBEN ALSO CONFIRMED THAT EFFECTIVE MAY 23 THE
COMMISSION HAD REDUCED EC WHEAT SUBSIDIES BY 2 U.A./M.T. AND
ELIMINATED THE CORRECTIVE AMOUNT OF 5 U.A./
M.T. FOR JUNE, JULY AND AUGUST DELIVERIES. THIS HAS THE EFFECT
OF REDUCING THE TOTAL EC SUBSIDY LEVEL BY 7 U.A./M.T. OR
APPROXIMATELY DOLS 10/M.T.

4. DE GRUBEN STATED THAT THE COMMISSION HAS TAKEN THIS
ACTION BECAUSE WORLD MARKET WHEAT
PRICES HAD INCREASED RECENTLY, BUT THAT THE EC STILL HAS TO
CONTINUE TO SUBSIDIZE ITS WHEAT IN WORLD MARKETS IN ORDER TO
SELL. HE DENIED, HOWEVER, THAT THE COMMUNITY WAS UNDERCUTTING
U.S. WHEAT AND DEPRESSING WORLD MARKET PRICES.

5. DE GRUBEN SAID THAT TOTAL HARVESTED ACREAGE FOR WHEAT WILL BE
DOWN THIS YEAR IN THE COMMUNITY. HE SAID THAT THE COMMISSION
NOW ESTIMATED 1975/76 PRODUCTION AT 1-2 MILLION METRIC TONS
BELOW LAST SEASON.

GREENWALD

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NNN

Message Attributes

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